

**STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH**

**CERTIFICATE OF NEED REVIEW STANDARDS for:  
PSYCHIATRIC BEDS & SERVICES  
MAGNETIC RESONANCE IMAGING (MRI) SERVICES  
HOSPITAL BEDS  
BONE MARROW TRANSPLANTATION SERVICES**

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**PUBLIC HEARING  
Tuesday, May 3, 2005  
Lake Ontario Room - Library  
702 West Kalamazoo  
Lansing, Michigan**

(Hearing scheduled to start at 10:00 a.m.; actual start time was 10:03 a.m.)

MS. ROGERS: Good morning, my name is Brenda Rogers. I'm with the Department of Community Health and the chairperson, Norma Hagenow, has asked the Department to conduct today's hearing. The hearing today is to hear testimony on four standards, Psychiatric Beds and Services, MRI Services, Hospital Beds, and Bone Marrow Transplantation Services. Specifically, Psychiatric Beds and Services, the proposed CON review standards are being reviewed and modified to allow for up to a maximum of 20 beds in a planning area that has a bed need of one or more but less than 20.

For MRI Services the proposed CON review standards are being reviewed and modified to allow for those metropolitan counties (based on the 2000 census) that were previously identified as rural counties (based on the 1990 census) to receive the rural factor as calculated under Section 13(2)(a), (b), and (c) and pursuant to Section 3(4)(c)(ii) for a limited period of time.

For Hospital Beds the proposed CON review standards are being reviewed and modified to define cancer hospital. Appropriate sections of the standards are being revised to allow a cancer hospital to acquire beds and facility space.

Bone Marrow Transplantation Services, the proposed CON review standards are being reviewed and modified to allow for acquisition of an existing bone marrow transplantation service.

You will find the language for each of these four standards on the table in the back. A card is to be completed if you would like to provide oral testimony today. If you have written copies of your testimony please provide those to me as well. Written testimony will be accepted up until a week from today, May 10th, at 5:00 o'clock. This hearing will continue until all testimony has been heard. We will hear testimony in the order as previously mentioned; psychiatric beds, MRI, hospital, and bone marrow transplantation.

However, if you have the same comment for more than one standard and wish to provide it at that time you may do so. Again, please provide one card for each standard you wish to address. It is currently 10:06 and we will start proceedings on this hearing. First, for Psychiatric Beds and Services I have Joan Lowes, Hillsdale Community Health Center. Also please state your name, where you're from, and also sign in on the sheet at the podium.

MS. LOWES: Good morning. My name is Joan Lowes. I'm an attorney with Hall, Render, Killian, Heath and Lyman. And I am representing Hillsdale Community Health Center speaking today in support of the proposed changes to the Psychiatric Beds and Services standards. The commission has previously heard very compelling testimony as to the serious difficulty that Hillsdale Community faces due to the lack

of available Psychiatric Beds and Services. The proposed change that is before the commission is fully supported by Hillsdale and we are urging the commission to approve it.

Today applicants must show that the occupancy standard is not met in a sub area in order to initiate Psychiatric Beds and Services. The proposed change will not modify that except for new applicants where a bed need of at least one is shown in a sub area. New applicants in that case may qualify for as many as 20 beds under the proposed change. There is no evidence that this proposed change will result in proliferation of unneeded psychiatric beds. It's fair to assume, on the other hand, that applicants will not embark on such a project without exercising appropriate due diligence. Once again, we urge the commission to approve the proposed change. Thank you.

MS. ROGERS: Thank you. At this time is there any other testimony for Psychiatric Beds and Services? Okay. We will move on. MRI Services. I have Sallie Flanders with the Department of Community Health.

MS. FLANDERS: Good morning. My name is Sallie Flanders and I'm with the Michigan Department of Community Health. And I'm here to comment on the MRI standard. Now, the package that was on the table was the language that was presented to the commission at its March meeting and it was approved. But they also gave us the authority to make amendments to that language because of the comments that the Department had expressed regarding the administrative feasibility of that particular recommendation. And what the Department has done is come up with an amendment to that language.

And I have copies of that if you would like. It just specifically says, in place of or until December 31, 2005 the Department is proposing that we use all for the November 1, 2005 MRI service utilization list which specifically contain or specific a list that an applicant can use. And the reason that was done was to try and shorten the time frame or put some specifics, because if you read the first language -- I didn't know - - as a reviewer I didn't know whether they meant an applicant had until December 31st to apply or whether it meant that they could use the data that was posted through December 31st, which would have taken us to the May 1st, 2006 list which would include all of calendar year 2005.

MS. ROGERS: Thank you. Okay. Joan Lowes, Community Health Center, Branch County.

MS. LOWES: Good morning. My name is Joan Lowes. I'm an attorney with Hall, Render, Killian, Keith and Lyman and I'm here today representing Community Health Center of Branch County. The hospital strongly supports the change that is before the commission. This fix is necessary to fulfill the intent of a change to the standards that was made last year. Due to unforeseen circumstances related to a change in federal census classifications the original change that was intended to benefit small rural hospitals was not able to be fully implemented. Once again, we strongly support the change and urge the commission to approve it. Thank you.

MS. ROGERS: Thank you. Bob Meeker, Spectrum Health.

MR. MEEKER: My name is Bob Meeker from Spectrum Health and I would like to speak in support of the proposed changes for MRI. As the previous speaker said that this will enable a concession or a consideration to be extended to hospitals for whom it was originally written but for whom changes in federal definitions denied it. And so we think that this should be approved and I will provide written testimony.

MS. ROGERS: Thank you. Matt Thompson, Pennock Health Services.

MR. THOMPSON: Good morning. My name is Matt Thompson. I'm the Director of Ancillary Operations at Pennock Hospital in Hastings, Michigan. I'm here today representing Pennock's board of trustees, our administration and our medical staff to show our strong support for the proposed language amendments to Section 13 of the MRI standards. Pennock Hospital is an 88-bed, not-for-profit community hospital. We're located in Barry County, Michigan and we have a total population of just under 59,000 individuals. Seventy-two (72) percent of our 560 square miles is agricultural land and forests. We are a successful

independent community hospital that provides high quality health care, modern technologies, attractive facilities to the communities that we serve.

For the past year our organization has been preparing our medical staff, our board of trustees, and our community leaders for a certificate of need application to the State of Michigan, Department of Community Health. We hope to replace our mobile contracted MRI service with a fixed MRI program. In May 2004, just almost a year ago, we became aware of the MRI language changes that would qualify Pennock for a fixed MRI Services. At that time we immediately began making preparations to begin the MDCH approval process for a certificate of need. The board of trustees, medical staff, and community leaders were informed that a fixed MRI was on the horizon for our organization.

However, we experienced a leadership change in early August of 2004 that slowed this very time-consuming application process. Because we believed that we did qualify for a fixed MRI service, we focused our primary attention on the recruiting of a new CEO. Over the next two months our staff worked very diligently to complete a very detailed financial analysis obtaining vendor quotes, conducting site visits to other fixed MRI sites, and determining the most logical location for this new and expensive service. Our staff was involved and actively seeking input from architects and engineers to prepare for the CON application process.

After we submitted our letter of intent to the Department on November 17th, 2004, using the published MRI utilization procedures that at that time clearly demonstrated that Pennock Health Services did qualify for the fixed MRI unit, we were informed that due to a federal census reclassification of Barry County from rural to now metropolitan, we no longer met the qualifications for a fixed MRI unit. Because of the benefits to our patients, which you'll hear about in just a moment, and the fact that we relied heavily on published MRI volume data that clearly demonstrated that we did qualify at the time for a fixed unit, we strongly support the proposed language amendments to Section 13 of the MRI standards that have been proposed by the Michigan Hospital Association to correct this unintended inequity. Thank you for your consideration.

MS. ROGERS: Thank you. Larry Winkler, Pennock Health Services.

MR. WINKLER: Good morning. My name is Larry Winkler, Director of Radiology Services at Pennock Hospital in Hastings, Michigan. The Radiology Department at Pennock has strived to provide the latest and most advanced imaging technology to improve diagnostic capabilities of our medical staff and patients we serve. Our diagnostic capabilities include mammography, nuclear medicine, ultrasound, CT scans, x-rays, bone densitometry and limited mobile MRI. Pennock Health Services is also fortunate to have PACS, which is Picture Archive and Communications System, to further enhance our image technology capabilities. Our current mobile MRI is a contracted service providing only limited MRI service weekly.

The benefits of fixed MRI for Pennock Hospital and the patients we serve are many. We know that approximately 35 percent of our MRI patients must travel more than 42 driving minutes due to the limited availability of current mobile service. In addition, emergency department patients and hospitalized inpatients must be transferred to other facilities when the mobile unit is not available. A fixed MRI at Pennock Hospital would allow for seven days of service for inpatients, emergency exams, while providing greater access for outpatients, thus meeting the standard of care that we have come to expect.

In addition, Pennock has successfully recruited a fourth radiologist who did his fellowship, trained in musculoskeleton (sic) radiology, who is also committed to our community and to the medical staff with the understanding that our fixed MRI service was allowed by the State of Michigan under the recent adopted MRI language changes. Because of the benefits to our patients and the improved diagnostic capabilities inherent in providing a full-time fixed MRI unit we strongly support the proposed language and the amendments to Section 13 of the MRI standards that have been proposed by the Michigan Hospital Association. Thank you.

MS. ROGERS: Thank you. Amy Barkholz, MHA.

MS. BARKHOLZ: Good morning. I'm Amy Barkholz from the Michigan Health and Hospital Association. The MHA strongly supports proposed language to amend Section 13 of the CON standards for MRI Services to allow several small hospitals recently reclassified by the federal census to qualify for rural and micropolitan adjustment factors. We support the technical changes suggested by the Michigan Department of Community Health and the previous comments of Ms. Flanders from the Department. The MHA believes the technical changes suggested by the Department provide necessary clarity and we support this language. We urge the commission to approve the proposed MRI language with the MDCH suggested changes at the June meeting. Thank you.

MS. ROGERS: Thank you. Is there any further testimony regarding MRI Services at this time? We will move on to Hospital Bed Standards. I have William Blaul, Karmanos Cancer Institute.

MR. BLAUL: Good morning. My name is William Blaul. I'm a Vice President with the Karmanos Cancer Institute. It is okay if I address both the bed standards and -- okay. So I'm here to just comment on two standards changes that we have in front of the commission, which is the Hospital Beds and the bone marrow transplant program changes sought by the Karmanos Cancer Institute. We do appreciate very much the quick action that was taken in March to get this to public comment today.

The Karmanos Cancer Institute is a very unique organization. We're one of two National Cancer Institute designated comprehensive cancer centers in the State of Michigan; ourselves and the University of Michigan. That speaks primarily to the depth of our research in cancer and how we translate that research into patient care. Last year we served approximately 7,000 newly diagnosed patients with cancer from 77 of Michigan's 83 counties as well as 28 states and Puerto Rico. We've been operating these cancer facilities with the DMC, Detroit Medical Center, since 1994. We're anchored to the same location. We're going to stay in the same place. We're going to utilize the same beds in the future that we're utilizing today. We're going to continue to use Harper University Hospital for non-cancer services.

We had a very open and public discussion with the Detroit Medical Center and other interested parties regarding both of these standards changes, the hospital beds and the BMT program. We do have a -- we submitted a letter of support from the DMC and I'll also follow up with written testimony later. We've addressed these issues in the standards changes one by one by utilizing the LTAC or long term acute hospital precedent which was set by the commission and the Department. Both of these standards changes further are linked to the Karmanos Cancer Institute obtaining a PPS exemption, the DRG exemption from Congress. That would require an act of Congress. We're reasonably confident that we can obtain that and we're currently looking -- working with Michigan's congressional delegation on the first vehicle that we can successfully accomplish that.

Just one quick note on the BMT standard change, the institute, our predecessor organization, Michigan Cancer Foundation established the first bone marrow transplant program in the State of Michigan many years ago so we started this program through the Detroit Medical Center and Harper University Hospital. And in essence what we're seeking to do is to bring it under our ownership and operation. The net result of all of this, beyond improving patient care, is that we're also going to be able to access more Medicare money for the State of Michigan and the City of Detroit in our operation. That's going to enable us to help more cancer patients. It's important for us, because timing is everything, that final action be taken at the next committee meeting in June. We thank you again very much for the expeditious attention to this and look forward to moving it further.

MS. ROGERS: Thank you. Do I have any additional testimony for Hospital Beds or Bone Marrow Transplantation Services? Okay. Is there anybody that may have come in late that wishes to speak on any of these four services? All right. Hearing none, it is 10:25 and this hearing is adjourned. Thank you.